

Idaho Public Utilities Commission

Case No. SPL-W-13-01, Order No. 32860

August 14, 2013

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Website: www.puc.idaho.gov

Hearing is Sept. 4 for Spirit Lake East water customers

The commissioners who will decide the Spirit Lake East Water Company rate case will be in Spirit Lake Wednesday night, Sept. 4, to conduct a public hearing for the company's approximate 288 customers.

The hearing begins at 7 p.m. at the Spirit Lake City Hall, 6042 W. Maine St. There will be no presentation from the commissioners or Idaho Public Utilities Commission staff members. The only purpose of the hearing is to take testimony from customers.

Spirit Lake East is proposing to increase its monthly charge from \$12.50 to \$24.75 for the first 9,000 gallons of use. The company proposes no change to its commodity charge of 12 cents for every 100 gallons above 9,000 gallons per month. To encourage water conservation, commission staff proposes to set the commodity charge at 22.4 cents for every 100 gallons of use above 6,000 gallons per month. Commission staff opposes the company's proposal to shift the entire increase to the monthly bill because it does not allow customers who practice conservation to reduce their monthly bill.

The company's 2011 income statement indicates \$72,870 annual revenue against expenses of \$114,830. In light of that shortfall, Spirit Lake seeks an annual revenue requirement of \$150,414. Commission staff proposes \$143,525. The staff proposal would set the monthly customer charge at \$25.25.

Even though staff's recommended revenue requirement is lower than the company's, staff's proposed increase is larger than that requested by Spirit Lake East because a review of the company's application determined that with its proposed increase, it would still collect \$32,600 less than the needed revenue requirement. Commission staff proposes a 12 percent Return on Equity and an 11.42 percent overall rate of return.

The commissioners, which operate independently of commission staff, are free to accept, reject or modify the company and commission staff proposals.

There has not been a significant increase for Spirit Lake East Water customers in 30 years, according to the company's application. The commission did approve an approximate 50-cent per month increase in 2007. According to the company's application, it has completed nearly \$300,000 in upgrades and repairs to increase water pressure provide back-up power generation and improve leaks to the main line. Many of those upgrades were made to comply with a 2007 state Department of Environmental Quality consent order.

The company also proposes to switch from a quarterly billing system to monthly bills. Spirit Lake claims that change has been requested by customers and will allow customers and the

company to more quickly find and repair leaks. Customers will also be able to better track their consumption and take conservation measures if they choose.

The water utility serves Spirit Lake in Kootenai County and Treeport, a private aviation community in Bonner County.

For those who do not want to provide oral testimony, the commission is also taking written comments through September 6. Written comments carry as much weight as oral testimony. Comments are accepted via e-mail by accessing the commission's homepage at www.puc.idaho.gov and clicking on "Case Comment or Question Form," under the "Consumers" heading. Fill in the case number (SPL-W-13-01) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

To review the company's application, commission staff comments and customer comments already received, go to www.puc.idaho.gov, click on "Water," then on "Open Cases" and scroll down to the above case number.

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